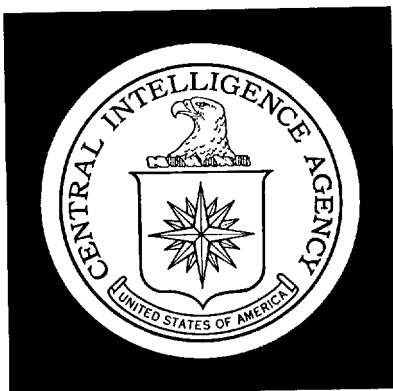


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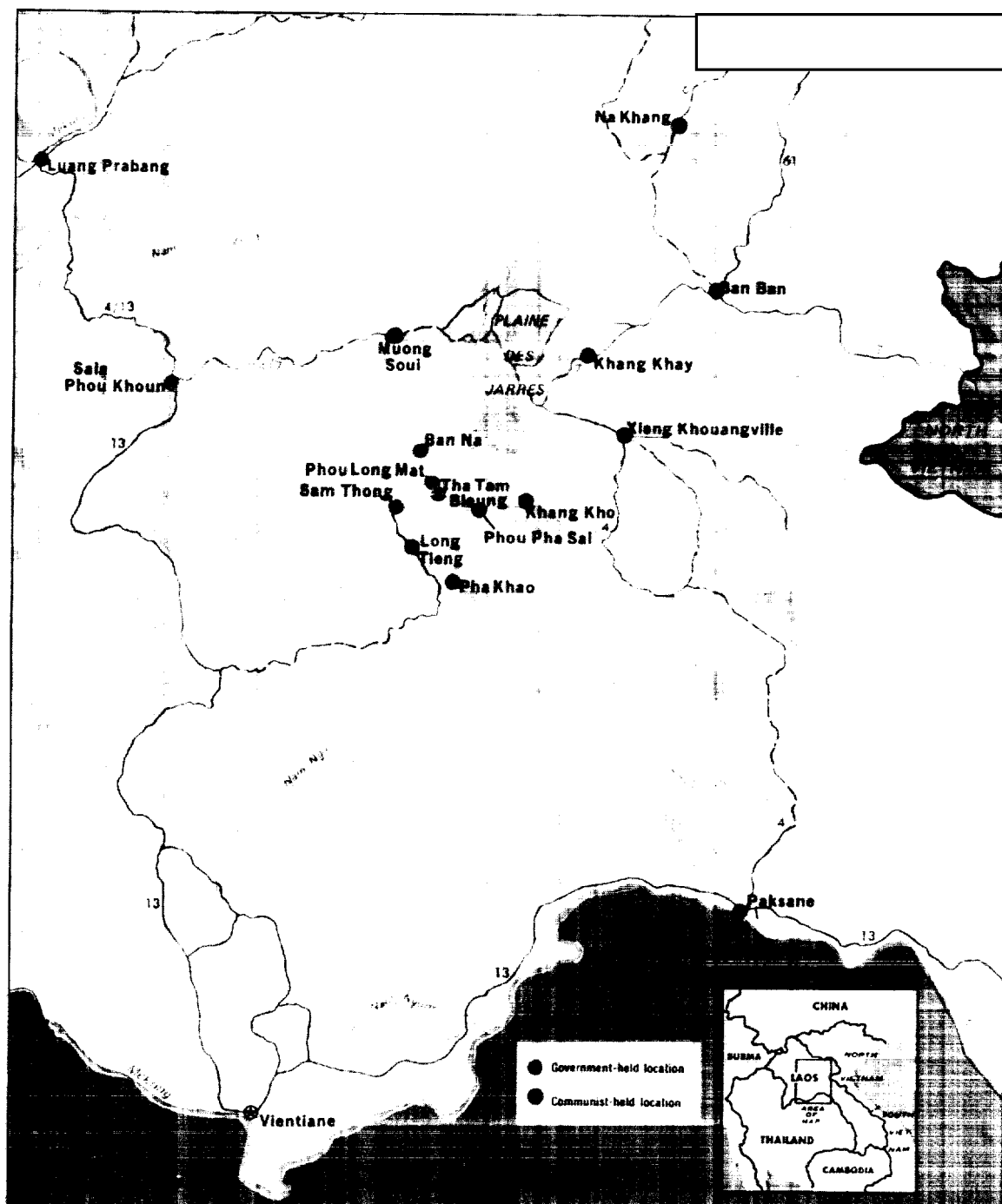
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LAOS: The Communist offensive west of the Plaine des Jarres is now nearly two months old and has yet to make any major gains.

The major parts of two North Vietnamese Army divisions--the 316th and the 312th--are still encircling government positions at Ban Na, Phou Long Mat, and Phou Pha Sai, and they are close enough to the main complex at Long Tieng to harass it on a regular basis. On 18 March, for example, they launched four rockets into Long Tieng, closing the airstrip for an hour but doing only relatively minor damage. Incidents of this type--rocketings, shelling attacks, small-unit clashes, and probes--are a daily occurrence, but of late no important positions have changed hands.

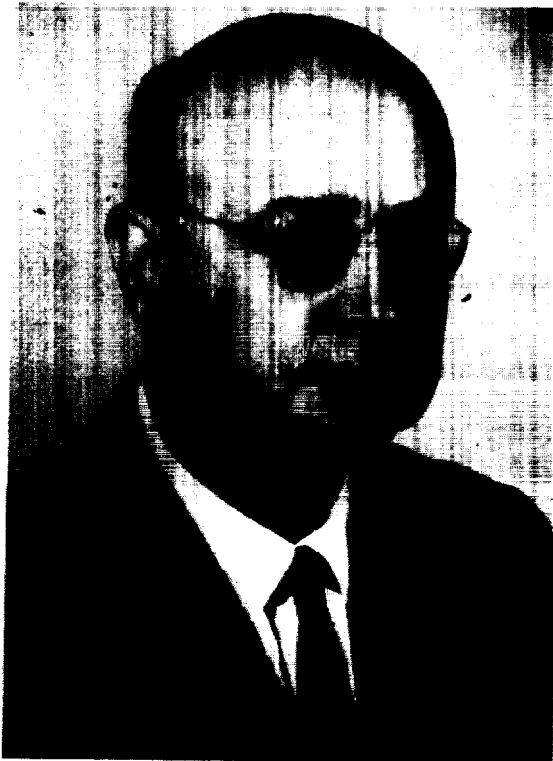
Since their damaging sapper attack on Long Tieng in mid-February the North Vietnamese have apparently concentrated on resupplying and repositioning their units. Although the Communists have largely avoided large-scale ground assaults against fortified positions, some units have suffered substantial casualties from air strikes and government artillery bombardments. For its part the government has significantly reinforced the Long Tieng area--irregular combat forces there now number something over 10,000--and aggressive patrolling in recent weeks has helped to keep the Communists off balance.

Although the North Vietnamese offensive has lost some of its momentum, there is no evidence that the enemy is disengaging. As in the past, the Communists have the capability of striking swiftly and in force with little warning. Only about two months of good weather remain, however, and if the North Vietnamese intend to try to take Long Tieng, they should begin pressing harder soon.

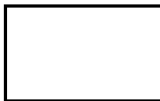
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Nihat Erim, Turkey's new prime minister - designate, a political moderate and an outstanding legal authority, appears to be a reasonably good choice to head the government during this troubled period. He has had wide experience in both domestic and foreign affairs and in balancing divergent political forces. Reformist in outlook, Erim is also one of Turkey's foremost authorities on the thorny Cyprus problem.



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25X1 TURKEY: The week-old political crisis appears to be ebbing

The new government, to be formed by Nihat Erim during the next few days, presumably will consist largely of representatives of the four largest political parties but may include some independents from the Senate. Neither former prime minister Demirel, as head of Justice Party, nor Ismet Inonu, the head of the Republican Peoples Party, is expected to participate in the government.

25X1 Under the constitution, Erim's regime, as an interim or provisional government, will not be subject to a vote of confidence. Its mandate, however, appears to be somewhat broader than normal for an interim government. The question of new elections is yet to be resolved but there have been suggestions that they may be held in October 1971.

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BOLIVIA: The stability of the Torres government is threatened by the disclosure of a plot that allegedly culminated in the death of President Barrientos in 1969.

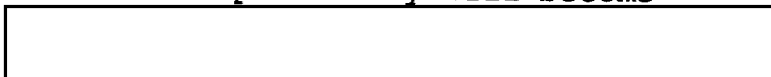
On 14 March, the La Paz daily Hoy began a sensational exposé linking Barrientos' death in a helicopter crash to an arms deal and to machinations by his eventual successor, Alfredo Ovando, currently ambassador to Spain. According to the US Embassy, there is no real proof that a plot actually existed, although an arms deal probably was in the works at that time. The embassy points out that the scenario ties into rumors that have circulated in La Paz for several months.

The cabinet reshuffle of 17 March, which had been brewing for some weeks, now is being linked to the plot. It is alleged that the cabinet resigned because some ministers were involved in the death of Barrientos and several others. There is also speculation that President Torres was somehow implicated. Ovando has been recalled to answer the charges against him.



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The armed forces and the police forces of the Ministry of Interior are on alert status. If the public comes to believe that the scandal extends to those currently holding high government and military positions, Torres' hold on the presidency will become even more tenuous.



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ARMS CONTROL: The prospects for agreement on new limits on chemical and biological weapons (CBW) at the current session of the Geneva disarmament talks continue to look poor.

The debate since the session resumed last month suggests that the USSR is still wedded to its draft convention, which would ban the development, production, and stockpiling of all CBW agents. In addition to the other bloc countries, the nonaligned nations also favor comprehensive treatment of CBW, but the nonaligned dislike the verification provision in the Soviet text, which merely provides for the UN Security Council to investigate complaints. The UK draft convention confined to BW and supported by the US is still favored by the other NATO governments, but their support this year has been rather lukewarm.

Delegates of the nonaligned group have begun searching for ways to break this deadlock. Sweden, for example, has proposed that attention be focused on the verification problems associated with the various CBW agents. Separate international agreements might then be made to deal with each agent. Swedish delegate Myrdal claims that the nonaligned states could push such an approach through the General Assembly if the superpowers do not soon reconcile their differences, but the nonaligned camp presently appears to lack the necessary unity to do this.

Senate hearings on US ratification of the Geneva Protocol, which bans the use of CBW in war, are being followed closely at the disarmament talks. Many non-aligned delegates believe that US ratification could permit the Soviets to move toward a compromise on CBW. Should the US ratify with the understanding that the protocol does not ban the use of tear gas and herbicides, however, Moscow may see greater advantages in sticking to its draft and continuing to

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propagandize against US use of these agents in Vietnam. Japan and the UK want the US to ratify with such an understanding since their governments agree with the traditional US position. [REDACTED]

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YUGOSLAVIA-BULGARIA: The arrival of Ante Drndic in Sofia as Yugoslavia's new ambassador underscores the uneasy state of relations caused by the two countries' dispute over Macedonia.

Drndic, a former assistant foreign minister for Western Hemisphere affairs, also headed the analytical and operational section of the intelligence service in the Foreign Ministry before being tapped for the Sofia post. Presumably the Bulgarians are aware of this. On the other hand, Drndic is a Croat and probably less emotionally involved in the Macedonian argument, as well as less objectionable to the Bulgarians than his predecessor who was a Yugoslav Macedonian.

From his vantage point in Sofia, the Yugoslavs hope Drndic's professional eye will give them a better indication of Bulgarian intentions in Macedonia, as well as a reading on what role, if any, the Soviets play in Bulgarian actions. The Macedonian issue recently has reached its most serious proportions in years because of Bulgaria's refusal to recognize the existence of a separate Macedonian nation. Belgrade interprets this stand as a latent claim to the Yugoslav Republic of Macedonia.

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INDONESIA: Indonesia's continuing austerity program, although under pressure from both the military and the local business sector, does not appear to be in any major trouble.

The stabilization program of the last five years has been highly successful in correcting the country's monetary and fiscal woes. Some military leaders, perhaps partly because of this progress, now feel justified in arguing for larger budgetary appropriations and are stressing the necessity of developing Indonesia's defense and security capabilities parallel with economic development efforts. A significant number of local businessmen and politicians, who have consistently demanded an easing of credit restraints, have raised their voices again and have also expressed their resentment over opportunities offered foreign investment.

President Suharto, who has made economic improvement the nation's priority policy and has given the civilian economists who direct the effort his consistent support, seems likely to continue to proceed along these lines. He may order some minor adjustments as he has in the past, to placate those who are protesting. He looks to the military for his major support, and he would wish to encourage domestic business when this can be done without seriously diverting the overall program.

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NOTES

PAKISTAN: The continuation of talks yesterday and today between President Yahya Khan and East Pakistani leader Mujibur Rahman presumably indicates that both sides are still hopeful a political solution can be found. Mujib, however, still is being hard-nosed. He has demanded an investigation of killings in East Pakistan earlier this month, but on 18 March he rejected Yahya's offer to do so, in part because the investigation would be conducted under martial law auspices. If he concedes too much to Mujib, Yahya will face trouble in West Pakistan and with the military. Z. A. Bhutto, West Pakistan's leading politician, has refused to go to Dacca to participate in the discussions for the time being.

[REDACTED]

\* \* \* \*

PORTUGAL-ZAMBIA: Lisbon appears willing to continue to rely on diplomatic negotiations and economic pressures for the time being to resolve its dispute with Zambia over the kidnaping of six Portuguese civilians in Mozambique by a Zambia-based guerrilla organization. To help its case, according to a Foreign Ministry official, Portugal has decided to seek the good offices of Malawi President Banda to obtain apologies from Zambia as well as indemnification for the lives lost. The same source reported that recent Portuguese press denunciation of Zambia as an aggressor was a bargaining tactic rather than an indication of a military attack on Zambia. Meanwhile, a slowdown in off-loading Zambian cargo in Beira is continuing, [REDACTED]

[REDACTED]

[REDACTED] If Lisbon does not receive some satisfaction, Portuguese moves against guerrilla bases in Zambia are possible. [REDACTED]

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VENEZUELA-GUYANA: Improving relations between the two countries may lead to closer economic co-operation. A Venezuelan Government delegation has visited Guyana less than ten months after representatives of the two countries agreed on a 12-year moratorium on their boundary dispute. Although joint action in agriculture and telecommunications were mentioned during the visit, Venezuela's strongest interest apparently lies in importing alumina from Guyana, which is nationalizing its largest bauxite/alumina producer. By 1975, Caracas intends to quadruple the 22,000-ton annual capacity of the aluminum smelter that is owned jointly with Reynolds and now processes US alumina. The expanded smelter would offer a possible market for up to 180,000 tons of Guyanese alumina, or over half of present output. Venezuela could not absorb Guyanese bauxite, however, unless it built an alumina plant.

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